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ACCOUNTING/CERTIFIED INTERNATIONAL PROFESSIONAL ACCOUNTANT (CIPA) PROJECT

THIRD QUARTERLY REPORT

MARCH 2007 – MAY 2007

June 12, 2007

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ACCOUNTING/CERTIFIED INTERNATIONAL PROFESSIONAL ACCOUNTANT (A/CIPA) PROJECT

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MARCH 2007 – MAY 2007

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INTRODUCTION

Highlights for the Quarter:

- A total of 47 publications have appeared in the quarter, and a total of 84 in the period from October 2006 written by the A/CIPA team in various publications across Central Asia.
- 2 STTAs started in May 2007 under our CIPAEN deliverables - one for Education and Examinations and the second for Information Systems Strategy.
- A total of six people were sent on a study tour to The Institute of Chartered Accountants of Scotland to receive first-hand experience of the ICAS system of quality control, education and examinations.
- The COP visited ACCA (The Chartered Association of Certified Accountants) and AAT (The Association of Accounting Technicians) in the United Kingdom and the COP was part of a team in Moscow to visit IPAR (International Professional Accountants of Russia), The Collegiums of Auditors and ECCAA (Moscow) in regards to CIPAEN's strategic alliance proposals.
- International Accounting Standards Board (IASB) exposure draft on Small and Medium Sized businesses was translated into Russian and delivered to the Ministry of Finance, Kazakhstan.
- In the role of Testing Director and Grading Centre Director of CIPAEN the March 2007 exams were developed, administered, graded and reported. We also conducted examination room audits in Kazakhstan and Kyrgyzstan. CAP exams were prepared and delivered in Baku, Azerbaijan for the first time. A/CIPA and CIPAEN signed a subcontract for service delivery between the two organisations.
- A/CIPA team meeting in Tashkent with CIPAEN's Executive Director.

KAZAKHSTAN

Implementation Issues

As we build towards the training of University lecturers in July, August and September (TOT CAP), the HEI team made presentations to 10 Universities and 3 commercial organisations on the CAP/CIPA programme. They also attended 2 exhibitions and 2 job fairs to raise the profile of CAP/CIPA. We agreed on the content for the University training with ATBD (The Association of Business Discipline, Tashkent); Financial Accounting 1 (FA 1), Management Accounting 1 (MA 1) and Tax and Law (T&L). All subjects will be taught for 60 hours plus a 20 hour methodology course. At this moment, ATBD will conduct all training in Central Asia to establish consistency in the training materials, books and methodology as well as establishing a network of advice after the training has been completed.

Our Education and Examinations STTA began preparations for the second phase of training (TOT exams) for exam item writing and examination writing terminology and style that we envisage beginning in October 2007 across Central Asia. This training is specifically targeted at exam writers that will be needed for the exam database being created by CIPAEN in 2008. We are piloting the Russian language instruction materials for potential exam writers by using the same training teams from TOT CAP as a basis for feedback and pilot examination papers that will be available on the internet as a sample to cascade syllabus and exam delivery changes.

The project continues to support CIPAEN's examination development team by creating and reviewing CAP and CIPA examination papers. The project also continues to drive efficiency and effectiveness improvements in the development process to ensure security and quality in the product. Many of these initiatives are confidential and cannot be explained outside the team responsible for the improvements. The project has taken on the role of managing the grading centre and again we drive efficiency and effectiveness improvements, which again are confidential for reasons of security but the time taken to receive, assess, grade and deliver results to participants is reducing. The need for further improvements and cost reductions will be made after the introduction of a new syllabus and new delivery method in 2008.

An ECCAA delegation visited The Institute of Chartered Accountants of Scotland where guidance was given on matters concerning quality control (one of the IFAC Statements of Membership Obligations) and also on examination delivery and grading. ECCAA hopes to establish a longer-term relationship with ICAS that will produce a strategic role for ICAS once the project has been closed in August 2008. ICAS are planning to work via this project with ECCAA in the second year of the project.

A number of meetings were held between the project and the Ministry of Finance regarding accreditation of accountants and auditors in Kazakhstan and also the role of the professional bodies. Discussions are continuing and the project has offered to play a role in the changes that are happening whilst protecting the

rightful place of the professional bodies in the business environment. It is hoped that a more direct role will be played by the project in the second year beginning September 2007 with a work plan of activities that supports the introduction of IFRS in Kazakhstan.

Progress towards Benchmarks

Deliverable	Measurement	Baseline	1st Year Target	Progress
A minimum of 10 universities substantially upgrade their Accounting Curriculum	Number of universities	0	4	Teachers from 12 universities will be involved in TOT to be held in July/August
A minimum of an additional 150 CAP courses, taught by qualified professors, are introduced in the HEIs throughout Central Asia	Monitored Courses	107 courses in KZ	45	ATBD discussions on monitoring and methods have been opened
During the second year of A/CIPA, 1000 CAP exams are taken by students in Central Asia	Number of registered students	10 exams in KZ	N/A	N/A
A minimum of an additional 3000 CAPs, 50 CIPAs are certified; Certifications should be tracked by gender and capital city vs. regions	CAP+CIPA candidates meaning that participant has passed the 3 exams for CAP level or 7 exams for CIPA level.	2779 CAP level; 24 CIPA level cumulative in KZ; 804 CAP level; 16 CIPA level in year 4 of EDP	1050 CAP level; 15 CIPA level	See table in the Appendix

Deliverable	Measurement	Baseline	1st Year Target	Progress
CIPAEN Country Offices are independent and financially sustainable for Central Asia related costs	Country Offices located in different building and do not require any deficit funding from A/CIPA.	Co-located with Pragma but not subsidized	KZ office sustainable and independently located	Physically separated, payroll separated, legally separate.
Online registration for CIPA exams in each country office is developed, implemented, marketed, and tracked for performance	Percentage of registrations done online	0	10%	An STTA has been issued in March for an Information Systems Strategy Expert to oversee this area.
CIPAEN is ISO 9001-2000 certified	On hold until future strategy is determined.	Procedures written for most activities.	N/A	Suspended
ECCAA's Department on Training Materials is established and functioning	Manager hired, library of materials present, and procedure written and approved for renewal of documents	No department exists	DTM manager on ECCAA payroll, materials review procedure approved by ECCAA and A/CIPA, library list published on website	Discussions with ICAS have started and it is expected that the Scottish Institute have agreed to provide a template for the planning process. We expect ICAS to be in Kazakhstan in September 2007

Deliverable	Measurement	Baseline	1st Year Target	Progress
ECCAA has adopted and adapted the version of the complete IFAC International Education Standards (IES)	IES adopted formally by board of directors	Nothing adopted	First 6 standards adopted and implemented	Discussions with ICAS have started and it is expected that the Scottish Institute have agreed to provide a template for the planning process. We expect ICAS to be in Kazakhstan in September 2007
All ECCAA full members in Central Asia have the CAP designation as requirement for full membership of individuals	Requirement listed in every charter; Members have taken and passed at least all 3 CAP level exams	Some organizations have CAP requirement in charter	ECCAA charter audited	ECCAA charter review shows that ECCAA members must be at least CAP level or be full IFAC member.
All ECCAA full members in Central Asia have IFAC compliant CPE programs in place	Course list created and published on ECCAA website; Requirement listed in every charter; Members of member associations start taking courses	No CPE program exists	ECCAA charter audited; Member charters audited; Course list published on website	ICAS will lead the initiative based upon their own experience with CPE and the importance of the income stream We expect ICAS to be in Kazakhstan in September 2007for sustainability.

Deliverable	Measurement	Baseline	1st Year Target	Progress
By the second year, the Accounting Education Alliance (AEA) is providing focused material support to 25 progressive LEPs in Central Asia	Needs assessment matched with University commitment letter	40 organizations have expressed interest in the idea	N/A	N/A
IFRS training to be made available to Government officials, Regulators and any other financial sector Overseers.	At least one course in each year for a minimum of 10 officials in each country	0 courses	1 course in KZ	Discussions have opened with The Ministry of Finance and the Project has made available IFRS materials.
Design and hold workshops for LTP's to address sustainability	At least one workshop in Kazakhstan, Kyrgyzstan and Uzbekistan.	0 workshops held	1 in KZ	Due to the subject review being conducted of CAP/CIPA we will await the outcome before proceeding.
Host IFRS roundtable discussions	At least one roundtable in Kazakhstan, Kyrgyzstan and Tajikistan.	0 roundtables held	1 in KZ	The first IFRS roundtable was held December 2006 in Almaty. COMPLETED

Deliverable	Measurement	Baseline	1st Year Target	Progress
IFRS/ISA Technical articles are written for the accounting press	At least 12 articles per annum in Kazakhstan.	0 articles	12	32 publications in the current quarter; 54 total in the first nine months
Study tour to ICAS for at least 4 members of the accounting and auditing profession in Central Asia.	A five day trip to Scotland	No tour held	1	COMPLETED

Obstacles encountered, possible delays in achieving the established benchmarks

1. The future of CIPAEN is being examined by the CIPAEN Board of Directors and a number of strategic options are being actively considered. Once the strategic direction of CIPAEN has been agreed, the project will re-align its deliverables.
2. The MOF has issued new regulations on Accreditation of Accounting qualifications for Public Interest Entities.
3. ECCAA has a staff of 3; the ED, an Accountant and an Assistant and until its human resources are added to, the progress on capacity building is limited.

Proposed Changes to the Work Plan

A new work plan is being designed along with a contract modification to reflect the on-going changes within CIPAEN and the Project's commitment to the examination process.

Forecast of Activities for the Quarter June to August 2007

1. TOT (CAP) in July and August
2. At least three articles published in the accounting and auditing press.
3. AEA promoted with Businesses and HEI's giving tangible commitments.
4. TOT (Exams) materials piloted
5. Project management of the new CAP/CIPA qualification for launch in July 2008
6. STTA on Information Systems Strategy for CIPAEN progressed
7. STTA for Examinations and Education Expert for CIPAEN progressed.

KYRGYZSTAN

Implementation Issues

The Project has conducted round table - "Development and Promotion of Accounting Education in Central Asia: Cooperation of HEIs, Businesses, and Professional Organizations" in partnership with EdNet – the round table was the initial step in linking HEIs and businesses and promoting CIPA program integration into HEIs curriculum. The round table went very well and the idea of creating an alliance was well received. In total, 78 participants (including HEIs, businesses, professional organizations, A/CIPA project, EdNet, journalists) participated in the event.

A/CIPA announced a contest for the development of a pilot educational standard in Accounting in cooperation with the Soros Foundation and EdNet Association. We received five applications in total and created a selection committee. Based on the evaluation list, the committee selected one team to continue working on the development of the pilot standard in Accounting – the team of the Bishkek Finance and Economics Academy and Chamber of Accountants and Auditors.

We went to Issyk-Kul to participate and monitor the workshop on educational standards organized by the Soros Foundation. Our project funded 2 people from the winning team. We are currently analyzing/discussing how to proceed with the development of the pilot standard, i.e. classification of the subject area (specialization or Bachelor and Master of Accounting) and possible extension of the deadline for the group.

We have on-going discussions with the Ministry of Education as regards the signing of the Addendum to the Memorandum of Cooperation originally signed between the MoE and the Soros Foundation. Ms. Ryskulueva of the MoE welcomed the idea of 2 additional partners joining (A/CIPA project and EdNet association).

Progress towards Benchmarks

	Deliverable	Measurement	Baseline	1st Year Target	Progress
1	A minimum of 10 universities substantially upgrade their Accounting Curriculum	Number of universities	0	1	Teachers from 8 universities will be involved in TOT to be held in July/August
2	A minimum of an additional 150 CAP courses, taught by qualified professors, are introduced in the HEIs throughout Central Asia	Monitored Courses	37 courses in KG	20	5 courses were monitored in current quarter; total of 16 courses monitored in first nine months
3	During the second year of A/CIPA, 1000 CAP exams are taken by students in Central Asia	Number of exams registered by students	155 exams in KG	N/A	N/A
4	A minimum of an additional 3000 CAPs, 50 CIPAs are certified; Certifications should be tracked by gender and capital city vs. regions	CAP+CIPA candidates meaning that participant has passed the 3 exams for CAP level or 7 exams for CIPA level.	830 CAP level; 12 CIPA level cumulative in KG; 133 CAP level; 1 CIPA level in year 4 of EDP	175 CAP level; 2 CIPA level	See table in the Appendix

	Deliverable	Measurement	Baseline	1st Year Target	Progress
5	CIPAEN Country Offices are independent and financially sustainable for Central Asia related costs	Country Offices located in different building and do not require any deficit funding from A/CIPA.	Co-located with Pragma and subsidized	KG office sustainable and independently located	Fully separated by December 2006 COMPLETED
6	Online registration for CIPA exams in each country office is developed, implemented, marketed, and tracked for performance	Percentage of registrations done online	0	10%	An STTA has been issued in March for an Information Systems Strategy Expert to oversee this area.
7	All ECCAA full members in Central Asia have the CAP designation as requirement for full membership of individuals	Requirement listed in every charter; Members have taken and passed at least all 3 CAP level exams	Some organizations have CAP requirement in charter	1 Member charter audited	OBA charter requires CAP designation

Deliverable	Measurement	Baseline	1st Year Target	Progress	Deliverable
8	All ECCAA full members in Central Asia have IFAC compliant CPE programs in place	Course list created and published on ECCAA website; Requirement listed in every charter; Members of member associations start taking courses	No CPE program exists	All member charters audited;	To follow ECCAA/ICAS progress
9	By the second year, the Accounting Education Alliance (AEA) is providing focused material support to 25 progressive LEPs in Central Asia	Needs assessment matched with University commitment letter	40 organizations have expressed interest in the idea	N/A	N/A

Deliverable	Measurement	Baseline	1st Year Target	Progress	Deliverable
10	IFRS training to be made available to Government officials, Regulators and any other financial sector Overseers.	At least one course in each year for a minimum of 10 officials in each country	0 courses	1 course in KG	Technical Assistance offered to the National Bank.
11	Design and hold workshops for LTP's to address sustainability	At least one workshop in Kazakhstan, Kyrgyzstan and Uzbekistan.	0 workshops held	1 workshop in KG	Due to the subject review being conducted of CAP/CIPA we will await the outcome before proceeding.
12	Host IFRS roundtable discussions	At least one roundtable in Kazakhstan, Kyrgyzstan and Tajikistan.	0 roundtables held	1 roundtable in KG	Held in February 2007 along with IFAC representative. COMPLETED
13	IFRS/ISA Technical articles are written for the accounting press	At least one article per annum in Kyrgyzstan.	0 articles	1 article in KG	7 articles published this quarter for a total of 18 in the first nine months

Obstacles encountered, possible delays in achieving the established benchmarks

The future of CIPAEN is being examined by the CIPAEN Board of Directors and a number of strategic options are being actively considered. Once the strategic direction of CIPAEN has been agreed, the project will re-align its deliverables.

Political uncertainty with Government Agencies has made progress in all areas slower than we would have expected.

Proposed Changes to the Work Plan

A new work plan is being designed along with a contract modification to reflect the on-going changes within CIPAEN and the Project's commitment to the examination process.

Forecast of Activities for the Quarter June to August 2007

TOT (CAP) in July and August

Curriculum reform group to be progressed

STTA on Information Systems Strategy for CIPAEN progressed

STTA for Examinations and Education Expert for CIPAEN progressed

Articles to be published in accounting press

TAJIKISTAN

Implementation Issues

July 2007 CAP/CIPA exams will be run in Tajikistan with exam fees being paid directly to CIPAEN Inc rather than to CIPAEN Tajikistan and it is hoped that if this direct payment system is seen to be of benefit to CIPAEN by reducing the costs of having a legally registered company, then this pilot may be extended to other countries in Central Asia.

The next step will be on-line registration. This we hope to pilot in Tajikistan in late 2007.

We continue to progress relations with the Ministry of Finance for audit certification and Ministry of Education on the curriculum reform group.

Progress towards Benchmarks

	Deliverable	Measurement	Baseline	1st Year Target	Progress
1	A minimum of 10 universities substantially upgrade their Accounting Curriculum	Number of universities	0	0	Teachers from 7 universities will be involved in TOT to be held in July/August
2	A minimum of an additional 150 CAP courses, taught by qualified professors, are introduced in the HEIs throughout Central Asia	Monitored Courses	20 courses in TJ	15	Applications from faculties are being received and filtered to establish a candidate selection process
3	During the second year of A/CIPA, 1000 CAP exams are taken by students in Central Asia	Number of exams registered by students	48 exams in TJ	N/A	N/A
4	A minimum of an additional 3000 CAPs, 50 CIPAs are certified; Certifications should be tracked by gender and capital city vs. regions	CAP+CIPA candidates meaning that participant has passed the 3 exams for CAP level or 7 exams for CIPA level.	200 CAP level; 7 CIPA level cumulative in TJ; 25 CAP level; 2 CIPA level in year 4 of EDP	40 CAP level; 2 CIPA level	See table in the Appendix
5	CIPAEN Country Offices are independent and financially sustainable for Central Asia related costs	Country Offices located in different building and do not require any deficit funding from A/CIPA.	Co-located with Pragma and subsidized	CIPAEN located independent of A/CIPA	Removed as a deliverable

	Deliverable	Measurement	Baseline	1st Year Target	Progress
6	Online registration for CIPA exams in each country office is developed, implemented, marketed, and tracked for performance	Percentage of registrations done online	0	10%	An STTA has been issued in March for an Information Systems Strategy Expert to oversee this area.
7	All ECCAA full members in Central Asia have the CAP designation as requirement for full membership of individuals	Requirement listed in every charter; Members have taken and passed at least all 3 CAP level exams	Some organizations have CAP requirement in charter	1 Member charter audited	PIPAART has CAP designation in charter
8	All ECCAA full members in Central Asia have IFAC compliant CPE programs in place	Course list created and published on ECCAA website; Requirement listed in every charter; Members of member associations start taking courses	No CPE program exists	All member charters audited;	To follow ECCAA/ICAS progress
9	By the second year, the Accounting Education Alliance (AEA) is providing focused material support to 25 progressive LEPs in Central Asia	Needs assessment matched with University commitment letter	40 organizations have expressed interest in the idea	N/A	N/A
10	IFRS training to be made available to Government officials, Regulators and any other financial sector Overseers.	At least one course in each year for a minimum of 10 officials in each country	0 courses	1 course in TJ	Discussions with MINFIN have been opened and assistance is being considered

	Deliverable	Measurement	Baseline	1st Year Target	Progress
11	Host IFRS roundtable discussions	At least one roundtable in Kazakhstan, Kyrgyzstan and Tajikistan.	0 roundtables held	1 roundtable in TJ	Held in February 2007 in conjunction with the visit of the IFAC representative. COMPLETED
12	IFRS/ISA Technical articles are written for the accounting press	At least one article per annum in Tajikistan.	0 articles	1 article in TJ	1 this quarter for a total of 1 to date for the first 9 months of the project

Obstacles encountered, possible delays in achieving the established benchmarks

The future of CIPAEN is being examined by the CIPAEN Board of Directors and a number of strategic options are being actively considered. Once the strategic direction of CIPAEN has been agreed, the project will re-align its deliverables.

Management of Tajikistan activities from Almaty.

Proposed Changes to the Work Plan

A new work plan is being designed along with a contract modification to reflect the on-going changes within CIPAEN and the Project's commitment to the examination process.

Forecast of Activities for the Quarter June – August 2007

Direct banking payment system

Articles to be produced for the accounting press

Establishment of a working group on curriculum reform

TURKMENISTAN

Implementation Issues

Following the visit of the COP on April 5, 2007, the following actions were taken to remedy the current communication and action plan difficulties:

- One staff member resigned and will not be replaced in the short-term.
- One staff member has had his contract terminated and left on May 17, 2007. This leaves one administrative person only.
- Victor Prodedovich and Alisher Sakhabutdinov have agreed to meet the Union of Accountants to discuss an action plan for June/August 2007 and also for year 2, September 2007/August 2008 work plan.

On enquiry with the staff during the meeting in April it was made very clear that we have no prospect of working directly with any Ministry in Turkmenistan because neither the A/CIPA project nor the CAP/CIPA qualification is registered with the authorities. It was also made very clear that unless the A/CIPA project gives financial support directly to the training provider, no cooperation will be given to raise the profile of neither the qualification nor the A/CIPA project in general. The project office acted as CIPAEN registration for CAP/CIPA examinations, and although the exams are for free, an appropriate partner needs to be encouraged to take over this clerical matter as soon as possible. Finally, EU TACIS had finalised plans for a project to begin in August/September 2007 in Turkmenistan that had a small element of IFRS (or IAS as it is called in the project documents) and we have offered to have A/CIPA cooperate with whoever is appointed as contractor when the tender and bidding process has been completed.

Progress towards Benchmarks

	Deliverable	Measurement	Baseline	1st Year Target	Progress
1	A minimum of an additional 3000 CAPs, 50 CIPAs are certified; Certifications should be tracked by gender and capital city vs. regions	CAP+CIPA candidates meaning that participant has passed the 3 exams for CAP level or 7 exams for CIPA level.	101 CAP level; 0 CIPA level cumulative in KZ; 44 CAP level; 0 CIPA level in year 4 of EDP	40 CAP level; 1 CIPA level	See table in the Appendix
2	CIPAEN Country Offices are independent and financially sustainable for Central Asia related costs	Country Offices located in different building and do not require any deficit funding from A/CIPA.	Not registered, co-located with Pragma and subsidized	CIPAEN registered and located in different building	Removed as a deliverable
3	Online registration for CIPA exams in each country office is developed, implemented, marketed, and tracked for performance	Percentage of registrations done online	0	10%	An STTA has been issued in March for an Information Systems Strategy Expert to oversee this area.

	Deliverable	Measurement	Baseline	1st Year Target	Progress
4	All ECCAA full members in Central Asia have the CAP designation as requirement for full membership of individuals	Requirement listed in every charter; Members have taken and passed at least all 3 CAP level exams	Some organizations have CAP requirement in charter	1 Member charter audited	Union of Accountants has CAP designation in charter
5	All ECCAA full members in Central Asia have IFAC compliant CPE programs in place	Course list created and published on ECCAA website; Requirement listed in every charter; Members of member associations start taking courses	No CPE program exists	All member charters audited;	Nil
6	IFRS training to be made available to Government officials, Regulators and any other financial sector Overseers.	At least one course in each year for a minimum of 10 officials in each country	0 courses	1 course in TM	Meeting with MINFIN where offer of assistance was made.
7	IFRS/ISA Technical articles are written for the accounting press	At least one article per annum in Turkmenistan.	0 articles	1 article in TM	Nil

Obstacles encountered, possible delays in achieving the established benchmarks

1. Political changes making progress impossible.
2. Visa difficulties.

Proposed Changes to the Work Plan

A new work plan is being designed along with a contract modification to reflect the on-going changes within CIPAEN and the Project's commitment to the examination process.

Forecast of Activities for the Quarter June 2007 – August 2007

Subject to agreement with the Union, Pragma and the CTO:

1. Use the Union as the project's outlet to the Ministry of Education and the Ministry of Finance to promote CAP/CIPA.
2. Collaborate with the Union to build their capacity to adopt the role of CIPAEN examination registration and coordinator.
3. Assist the Union financially to upgrade and renew where necessary, the education and research materials for IFRS and ISA (International Standards on Auditing).
4. Offer Technical Assistance to the EU TACIS contractor via the Union on their proposed project.

UZBEKISTAN

Implementation Issues

There were meetings held with three Higher Education Institutes - Tashkent Financial Institute, Tashkent State Economic University, and Westminster International University in Tashkent (WIUT) to present the A/CIPA project, and to discuss collaboration on development of Accounting Education in HEIs.

The Chamber of Trade and Industry of Uzbekistan, UNDP "Reforms of the State Finances" Project, North West Medical Team International Inc., and the Business Forum of Uzbekistan arranged a seminar titled "Legal aspects of the Organization and Taxation of Microcredit Organizations in Uzbekistan".

The project together with CIPAEN attended a meeting of the expert council on development of fiscal policy to discuss the subject "Problems in Establishing Legal Status of Tax Consultancy Services in Uzbekistan and Perspectives for Development."

The Ministry of Finance in cooperation with the Ministry of Justice and State Tax Committee arranged a seminar called "Reforms of Auditing Activities in Uzbekistan" for all auditing organization directors.

The Chief of Party made a presentation on professional ethics for the full members of ATBD.

We attended a Conference in Westminster International University in Tashkent. The title of the Conference was: "University – Business Collaboration: Models for Sustainable Development in Transition Economies." At the Conference, Curtis Yates presented a Paper on the topic "Corporate Social Responsibility and Education by Example of CIPA program" which also included a description of A/CIPA project activities and Accounting Education Alliance. Additionally Cornelis Reiman (CIPAEN Executive Director) presented a Paper on the topic "Identifying the Skills Businesses Need and Closing the Skills Gap," which included a description of the CIPA Program, CIPAEN activities, and two types of skills gaps.

A Roundtable on the subject "Methods to Improve Auditing Activity and Enhance the Responsibility of Auditing Companies and Auditors" was held because domestic audit practices are still lagging behind requirements set by international practice. This creates serious hurdles for international integration. The objectives for holding the round table were to categorize the most relevant issues of development of the audit system in Uzbekistan, to ascertain appropriate solutions through constructive dialogue between government officials, private sector and public organizations, to discover methods for enhancing the responsibility of auditors, and to identify prospects of improving the audit practice nationwide.

Proposals to address the issues in the audit sector of the country as well as practical recommendations to improve audit practices were developed in the framework of

the previous round table organized by the National Association of the Accountants and Auditors in cooperation with the Chamber of Auditors of Uzbekistan. Amid active discussions of the regulations, avenues for further improving domestic audit practices were identified, competencies of auditors and managers of audit organizations were discussed, and ways of enhancing their responsibility were mentioned. Specific recommendations for implementing in-house business standards of audit organizations were developed and rating system indicators were determined.

Round table participants expressed hope that in the future, the audit system in Uzbekistan will play a more significant role in disclosing accounting and financial information as well as improving investment climate in Uzbekistan. Further improvement of audit practices in Uzbekistan will facilitate improved information sources for businesses, reduced risks both for local and foreign investors, and ensure high growth rates in the private sector of the economy.

Officials of the Ministry of Finance, Ministry of Justice, entrepreneurs, auditors, accountants, representatives of public organizations, representatives of international organizations and development institutions, accounting and audit faculty as well as practitioner accountants and auditors participated in the round table. The roundtable was hosted by the UNDP Public Finance Reform in Uzbekistan Project and USAID Accounting/Certified International Professional Accountant Project.

Progress towards Benchmarks

	Deliverable	Measurement	Baseline	1st Year Target	Progress
1	A minimum of 10 universities substantially upgrade their Accounting Curriculum	Number of universities	0	1	Teachers from 2 universities will be involved in TOT to be held in September
2	A minimum of an additional 150 CAP courses, taught by qualified professors, are introduced in the HEIs throughout Central Asia	Monitored Courses	62 courses in UZ	30	ATBD discussions on monitoring and methods have been opened
3	During the second year of A/CIPA, 1000 CAP exams are taken by students in Central Asia	Number of exams registered by students	106 exams in UZ	N/A	N/A
4	A minimum of an additional 3000 CAPs, 50 CIPAs are certified; Certifications should be tracked by gender and capital city vs. regions	CAP+CIPA candidates meaning that participant has passed the 3 exams for CAP level or 7 exams for CIPA level.	735 CAP level; 30 CIPA level cumulative in UZ; 175 CAP level; 10 CIPA level in year 4 of EDP	240 CAP level; 15 CIPA level	See table in the Appendix
5	CIPAEN Country Offices are independent and financially sustainable for Central Asia related costs	Country Offices located in different building and do not require any deficit funding from A/CIPA.	Co-located with Pragma and subsidized	UZ office sustainable and independently located	Complete December 2006

	Deliverable	Measurement	Baseline	1st Year Target	Progress
6	Online registration for CIPA exams in each country office is developed, implemented, marketed, and tracked for performance	Percentage of registrations done online	0	10%	An STTA has been issued in March for an Information Systems Strategy Expert to oversee this area.
7	All ECCAA full members in Central Asia have the CAP designation as requirement for full membership of individuals	Requirement listed in every charter; Members have taken and passed at least all 3 CAP level exams	Some organizations have CAP requirement in charter	1 Member charter audited	Both ATBD and NAAA have CAP designation in charter as requirement
8	All ECCAA full members in Central Asia have IFAC compliant CPE programs in place	Course list created and published on ECCAA website; Requirement listed in every charter; Members of member associations start taking courses	No CPE program exists	All member charters audited;	Both ATBD and NAAA conducted CPD classes in April and May.
9	By the second year, the Accounting Education Alliance (AEA) is providing focused material support to 25 progressive LEPs in Central Asia	Needs assessment matched with University commitment letter	40 organizations have expressed interest in the idea	N/A	N/A

	Deliverable	Measurement	Baseline	1st Year Target	Progress
10	IFRS training to be made available to Government officials, Regulators and any other financial sector Overseers.	At least one course in each year for a minimum of 10 officials in each country	0 courses	1 course in UZ	Discussions with MINFIN have been opened and assistance is being considered
11	Design and hold workshops for LTP's to address sustainability	At least one workshop in Kazakhstan, Kyrgyzstan and Uzbekistan.	0 workshops held	1 workshop in UZ	Due to the subject review being conducted of CAP/CIPA we will await the outcome before proceeding.
12	IFRS/ISA Technical articles are written for the accounting press	At least one article per annum in Uzbekistan	0 articles	1 article in UZ	7 articles in the quarter for a total of 11 in the first 9 months.

Obstacles encountered, possible delays in achieving the established benchmarks

The future of CIPAEN is being examined by the CIPAEN Board of Directors and a number of strategic options are being actively considered. Once the strategic direction of CIPAEN has been agreed, the project will re-align its deliverables.

Grading Centre operations may be restricted or stopped by the Government.

Proposed Changes to the Work Plan

A new work plan is being designed along with a contract modification to reflect the on-going changes within CIPAEN and the Project's commitment to the examination process.

Forecast of Activities for the Quarter June – August 2007

TOT (CAP)

TOT (Exams)

Articles to be produced for the accounting press

APPENDICES

- A/CIPA Program Certification Candidates for Year 1 (Sept. 1, 2006 through Aug. 31, 2007): as of May 31, 2007
- A/CIPA Organization Chart June 2007

**A/CIPA Program Certification Candidates for Year 1
(Sept. 1,2006 through Aug. 31, 2007): as of May 31, 2007**

Country	Level	Current Quarter Candidates for Certification	Current Quarter Number of Female	Percentage Female	Current Quarter Number from Regions	Percentage from Regions
Kyrgyzstan	CAP	50	41	82.00%	6	12.00%
	CIPA	-	-	0.00%	-	0.00%
	CAP+CIPA	50	41	82.00%	6	12.00%
Kazakhstan	CAP	222	206	92.79%	118	53.15%
	CIPA	-	-	0.00%	-	0.00%
	CAP+CIPA	222	206	92.79%	118	53.15%
Uzbekistan	CAP	87	54	62.07%	4	4.60%
	CIPA	-	-	0.00%	-	0.00%
	CAP+CIPA	87	54	62.07%	4	4.60%
Tajikistan	CAP	4	4	100.00%	-	0.00%
	CIPA	-	-	0.00%	-	0.00%
	CAP+CIPA	4	4	100.00%	-	0.00%
Turkmenistan	CAP	12	9	75.00%	-	0.00%
	CIPA	-	-	0.00%	-	0.00%
	CAP+CIPA	12	9	75.00%	-	0.00%
Totals Central Asia	CAP	375	314	83.73%	128	34.13%
	CIPA	-	-	0.00%	-	0.00%
	CAP+CIPA	375	314	83.73%	128	34.13%

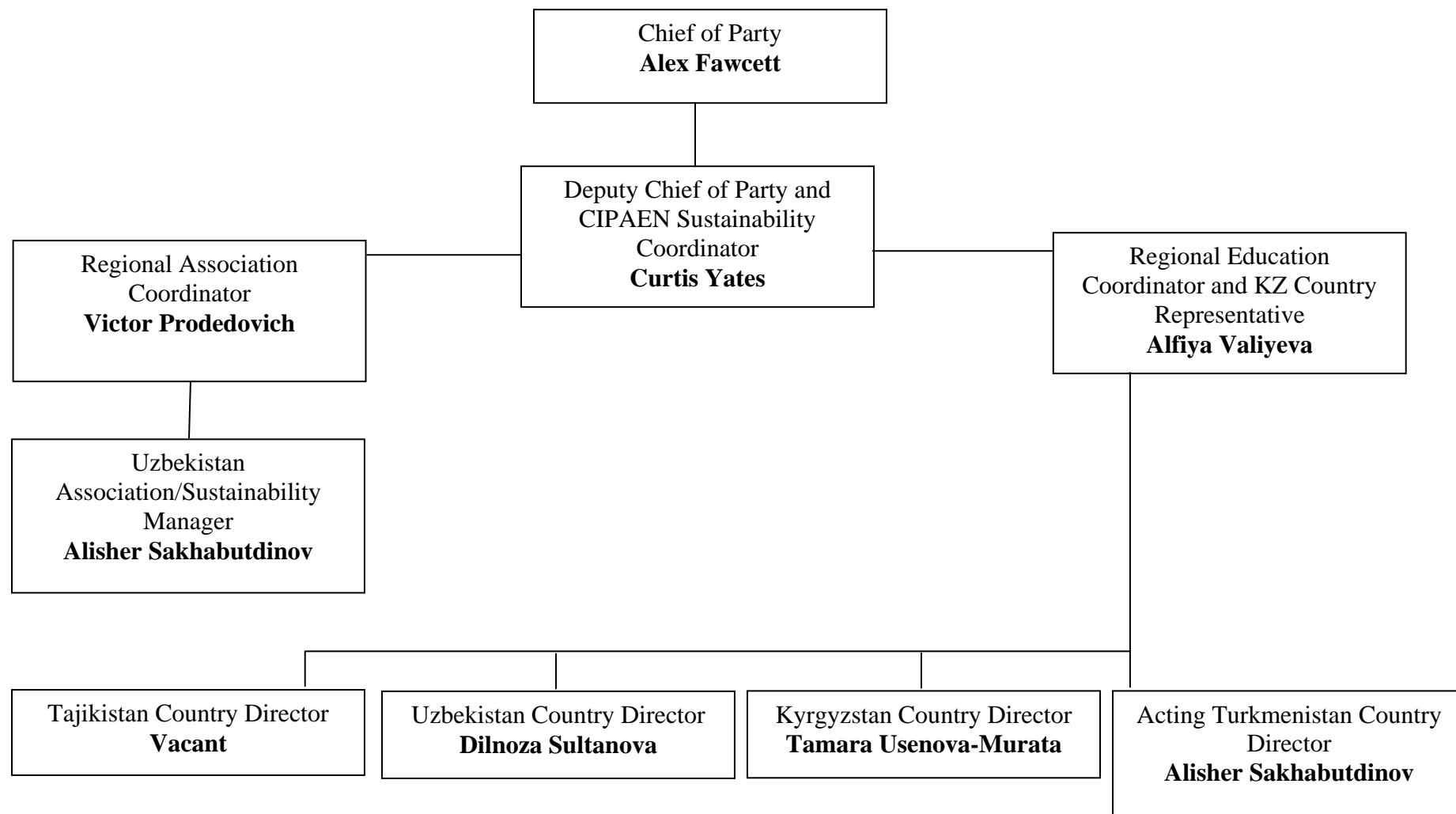
Certification Candidates include all candidates that have passed the required exams, whether they are fully certified or not.
Certification Candidates are recorded when the final exam grade for that designation is issued.

A/CIPA Program Certification Candidates for Year 1
(Sept. 1,2006 through Aug. 31, 2007): as of May 31, 2007

Country	Level	Cumulative Candidates for Certification	A/CIPA Year -One Targets	Year 1 Candidates for Certification	Over/Under Deliverable	Percentage of Deliverables
Kyrgyzstan	CAP	877	175	96	-79	54.86%
	CIPA	16	2	4	2	200.00%
	CAP+CIPA	893	177	100	-77	56.50%
Kazakhstan	CAP	3232	1,050	671	-379	63.90%
	CIPA	26	15	2	-13	13.33%
	CAP+CIPA	3258	1,065	673	-392	63.19%
Uzbekistan	CAP	826	240	175	-65	72.92%
	CIPA	34	15	2	-13	13.33%
	CAP+CIPA	860	255	177	-78	69.41%
Tajikistan	CAP	204	40	9	-31	22.50%
	CIPA	9	2	2	0	100.00%
	CAP+CIPA	213	42	11	-31	26.19%
Turkmenistan	CAP	116	40	27	-13	67.50%
	CIPA	0	1	-	-1	0.00%
	CAP+CIPA	116	41	27	-14	65.85%
Totals Central Asia	CAP	5255	1,545	978	-567	63.30%
	CIPA	85	35	10	-25	28.57%
	CAP+CIPA	5340	1,580	988	(592)	62.53%

Certification Candidates include all candidates that have passed the required exams, whether they are fully certified or not.
Certification Candidates are recorded when the final exam grade for that designation is issued.

A/CIPA ORGANISATION CHART JUNE 2007



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